

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6240
BILL NUMBER: SB 112

NOTE PREPARED: Nov 23, 2014
BILL AMENDED:

SUBJECT: Real Estate.

FIRST AUTHOR: Sen. Tallian
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill specifies that the certain exceptions to the real estate licensing requirement that are granted to persons who sell or rent their own property do not apply if the person's only ownership interest is an equitable interest created by an executory contract for the sale of residential real estate before closing.

Effective Date: July 1, 2015.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary:* Persons with an ownership interest in a residential property secured by an executory contract of sale to buy the property would be prohibited from selling that interest to a secondary buyer, prior to closing, unless the original buyer has a valid real estate broker license. A few persons could apply for a real estate broker license as a result of this provision. However, any additional revenue from licensing fees would likely be minor.

Penalty Provision- Persons that perform the acts of a real estate broker without a broker license commit a Class A infraction, with each transaction considered a separate offense.

If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund would increase. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be minimal.

State Agencies Affected: Professional Licensing Agency.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.